



Comptroller General
of the United States

Washington, D.C. 20548

238217

Decision

Matter of: Sunrise International Group, Inc.

File: B-261448

Date: July 21, 1995

Ray E. Baker for the protester.

William C. Russell for Ercon Corporation, an interested party.

Col. Riggs L. Wilks, Jr., and Thomas J. Duffy, Esq.,
Department of the Army, for the agency.

Jacqueline Maeder, Esq., and Paul Lieberman, Esq., Office of
the General Counsel, GAO, participated in the preparation of
the decision.

DIGEST

Protest that solicitation for a requirements contract to demolish structures on a military base is insufficiently specific to permit bidders to calculate bids because it does not identify the specific buildings to be demolished is denied where this precise information is not available with any certainty, and the solicitation contains descriptions of the types of structures to be demolished and a reasonable, historically based estimated total square footage of demolition that will be required for each type. Bidder is responsible for projecting costs and allowing for risks in computing its bid.

DECISION

Sunrise International Group, Inc. protests the terms of invitation for bids (IFB) No. DAKF24-95-B-0028, issued by the Department of the Army for the demolition of buildings and structures and clean-up of sites at Fort Polk, Louisiana. Sunrise contends that the IFB is defective because the specifications are inadequate to permit bidders to intelligently formulate their bids.

We deny the protest.

The IFB calls for award of a 1-year, fixed-price requirements contract for the demolition of buildings and building foundations and the clean-up of sites at Fort Polk. Buildings and foundations are to be demolished, removed and disposed of, and the contractor is also to protect surrounding structures, trees and shrubs, break concrete and

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masonry rubble into 4-inch pieces and remove it from the demolition site, control dust at sites in populated areas, and seed and fertilize sites after demolition.

The bid schedule includes six items. Each of the six items specifies a standard type of building or foundation that is to be demolished and the total estimated quantity, given in square footage, for each type of structure or foundation. Four standard structures are included: (1) a two-story wood frame structure on piers with a slab on one end of the building, with a total estimated quantity of 200,000 square feet; (2) a one-story wood frame structure on piers with a partial chain wall and/or slab, with a total estimated quantity of 100,000 square feet; (3) a one-story wood frame structure on a concrete slab, with a total estimated quantity of 75,000 square feet; and (4) a one-story wood frame maintenance shop structure on a concrete slab with 12-foot to 16-foot high exterior walls, with a total estimated quantity of 20,000 square feet. The two listed foundations are concrete slab, with a total estimated quantity of 15,000 square feet, and concrete or wood pier type foundation, with a total estimated quantity of 5,000 square feet. Bidders are required to submit unit prices per square foot for each of the six items. For award purposes, these unit prices, extended by the square footage estimates, will be totaled to calculate the low bid.

The IFB advises bidders that the Army will issue delivery orders identifying the actual buildings or foundations and the exact square footage of the buildings or foundations to be demolished. Demolition is to be completed within 14 calendar days plus an additional calendar day for each 1,200 square feet of required services. The awardee may decline to accept any delivery order for less than 2,000 square feet. The IFB urges prospective bidders to inspect the site where the services are to be performed to familiarize themselves with the structures to be demolished and the conditions on the base which may affect the cost of performance.

On April 24, 1995, prior to bid opening, Sunrise filed an agency-level protest challenging various aspects of the solicitation, including the Army's failure to identify the specific buildings to be demolished. On May 9, the Army denied Sunrise's agency-level protest, stating, among other things, that the exact buildings to be demolished were unknown and that the IFB contained all available information concerning the requirement. This protest to our Office followed.

Sunrise contends that the IFB creates uncertainty because it does not identify the structures to be demolished and their locations. Sunrise asserts that knowing the specific

buildings/locations is essential because many factors related to location and required by the IFB are important in determining the unit price, for example, the projected expenses of protecting surrounding structures, trees and shrubs, transporting rubble to the refuse location listed in the solicitation, controlling dust at the demolition sites, and seeding and fertilizing the sites after demolition.

The Army determined that a requirements contract would best meet its minimum needs because the agency anticipates recurring requirements for the services but cannot predict with certainty the specific buildings to be demolished, the number of buildings to be demolished, or the location of buildings to be demolished. The Army points out that it has clearly identified and described the four types of buildings and the two types of foundations that are to be demolished and has provided good faith estimates based on reliable historical data for each type of structure. The demolition work is apparently currently being performed, without problems, under a solicitation which utilized similar estimates and pricing.

An agency is required to specify its needs and select its procurement approach in a manner designed to promote full and open competition. Special Operations Group, Inc., B-256312, June 6, 1994, 94-1 CPD ¶ 350. The use of requirements contracting is authorized by Federal Acquisition Regulation § 16.503(b), which states that such contracts may be used when an agency anticipates recurring requirements but cannot predetermine the precise quantity of services needed during a definite period. Wespac Serco, B-239203, July 23, 1990, 90-2 CPD ¶ 64; Jewett-Cameron Lumber Corp.; et al., B-229582; et al., Mar. 15, 1988, 88-1 CPD ¶ 265. Risk is inherent in most types of contracts, especially in fixed-price contracts such as this one, and the fact that the bidder, in computing its bid, must consider a variety of scenarios that differently affect its anticipated costs does not itself render an IFB defective. Id. While specifications must be sufficiently clear to permit competition on an intelligent and equal basis, there is no requirement that a solicitation be so detailed as to eliminate all performance uncertainties. Aleman Food Serv., Inc., B-219415, Aug. 29, 1985, 85-2 CPD ¶ 249.

Here, while the protester contends that the format may increase its risks of doing business, it has not shown that the IFB specifications are inaccurate, unclear or serve to prevent offerors from competing effectively. The IFB provides detailed descriptions of the types of structures to be demolished and historically based total quantity estimates for each type of structure, thus providing a reasonable indication of what to expect under the contract, and allowing bidders to project intelligently their probable

costs. Requirements contracting is appropriate if the estimates used in the solicitation are established in good faith and are based on the best information available. Jewett-Cameron Lumber Corp.; et al., supra. As there is no indication in the record, and Sunrise does not argue, that the Army's estimates are inaccurate, we see no basis to object to the solicitation. To the extent that some unknown aspects of performance remain, the IFB encourages bidders to visit the site to assess potential risks and bidders are free to propose pricing that covers the risk that such aspects may involve higher costs. The agency is not required to eliminate all risk, and in fact may impose maximum risk on the contractor, Westpac Serco, supra, in which case, it is the responsibility of the bidders to factor this risk potential into their bid prices.

The protest is denied.

Christine S. Melody
for Robert P. Murphy
General Counsel